

Testimony submitted by Frederick R Nader, 3775 Wedgewood Drive,
Bloomfield Hills, MI 48301

My daughter, Erica Coulston, is a quadriplegic with a spinal cord injury caused by an auto accident and requires 24 hour attendant care. Erica's medical bills exceeded the proposed \$1,000,000 cap in her first year following her injury. She is not medically able to care for herself for life's biological necessities despite the fact that she was the winner of the Brooks Patterson Elite 40 Under 40 contest for 2013. She could die if she were left unattended for any lengthy period of time as a result of autonomic disreflexia. Despite my notable earnings as an automotive executive, the proposed bill could bankrupt my family and result in my daughter having to be placed in a nursing home in order to attend to her medical needs. All of the above is a direct result of HB4612 being focused on implementing politics over policy rather than reinforcing a Michigan court ruling that requires the MCCA to be subject to FOIA and the open meetings act. If this bill would financially devastate my family with our income level, how long do you really think the average Michigan family will last before they have to move their loved one to a Medicaid nursing home? Is this what you would want for your daughter, child or spouse?

HB4612 also includes a \$25 per vehicle per year fee to fund Medicaid expansion. In fact, the proposed \$25 Medicaid fee would NOT fund Medicaid expansion but rather would only cover an existing hole in the Medicaid budget from a 2011 shortfall. This is simply a back door tax on Michigan insured drivers (not all taxpayers) for a purpose that has been rejected by GOP Leadership and Legislators. The bill also expands government and robs the current MCCA un-used assets which are currently stated at about 16 Billion dollars..... I struggle to find ANY Republican core values in this bill.

During the Governor's recent press conference, Commissioner Clinton clearly stated that all un-used MCCA funds would eventually be returned to Michigan's insured drivers. In the draft for HB4612, it was stated that these un-used funds would be returned to the MCCA members (aka: the insurance providers).... And in the final bill it states that this money will

eventually be handed over the new MCCC which makes excess funds the property of Michigan government. This appears to be nothing more than a good old fashioned money grab of taxpayer money by the government.

Everyone would like their insurance rates to go down, however this bill only requires a one year reduction without any limitation of future increases. This reduction comes from reducing the insurance company liability from the current \$500,000 per person to \$500,000 per accident! So... if there are 4 people in the car who are seriously injured, it reduces the insurance company liability to \$125,000 per person! HB4612 also allows for funding of the current MCCA **and** a future (aka) MCCC by annual assessment. These annual assessments could easily wipe out the one year reduction of \$150 in the 1st year and make a mockery of the proposed one year reduction. We don't even know how much the new MCCC assessment will be since HB4612 only requires the assessment to be known by January. Finally, HB4612 also allows the MCCC to assess drivers an additional annual fee to cover any shortfall from previous years. If the MCCA were disbanded today, every Michigan driver would receive approximately \$2,500 per insured vehicle! Instead HB4612 offers Michigan insured drivers a one year guaranteed reduction of \$150 per vehicle but then adds back in additional assessment potential that could easily exceed the first year savings and result in an overall annual insurance increase.

Ironically, the MCCA has been amassing cash for the past several years without using any asset investment profits to reduce the annual assessment. Since 2009 - 2012, the MCCA asset value increased by 40% from approximately \$10 Million to over \$14 million. I believe that the current asset value is over \$16 Billion based on stock market performance since last July. So... one has to ask why the MCCA has not used these profits to reduce the annual assessment rather than to continue increasing the assessment year over year. In fact, the MCCA could eliminate the 2013 annual assessment completely based on the current asset profits. This would result in a one year savings of \$185 per vehicle compared to the HB4612 one year savings of \$150.

MICHIGAN'S AUTO NO-FAULT INSURANCE

According to MCCA testimony there are 6,666,666 insured vehicles in Michigan

Companies like L.A. Insurance are allowed by Michigan law to sell a 7 day auto insurance policy. This practice contributes to the uninsured driver problems in Michigan.



What is the MCCA Annual Assessment today and why?

Currently, the MCCA annual assessment is \$175 per vehicle. According to MCCA testimony, \$141.93 is applied to cover projected liabilities and \$32.72 is applied to future projected unfunded liabilities.

\$141.93 x 6,666,666 vehicles = \$946,000,000 while their projected liabilities are about \$900,000,000.

So... Where is the return on MCCA fund assets?

- As of June 30, 2013 the MCCA fund was valued at just over \$14,000,000,000
- In late March, 2013 the MCCA testified that their long term historical return on investment has been about 6.5%
 - **6.5% of \$14,000,000,000 = \$910,000,000**
 - **The average return on investment from the MCCA fund assets is enough to cover the cost of annual projected liabilities!**

What should the MCCA BE charging today based on testimony given by the MCCA and Insurance Commissioner Clinton?

- There are about 8,000,000 vehicles in Michigan
 - 6,666,666 insured
 - 1,333,333 uninsured
- **If all Michigan drivers were assessed \$50/year by the Secretary of State it would generate \$400,000,000 annual revenue. This amount added to the MCCA fund average return on investment of 6.5% provides annual revenue of \$1,310,000,000**
 - **This will allow the fund to continue growing over time to cover the cost of future medical cost increases.**
 - **By collecting the fee when license tabs are renewed, we would capture 100% of all vehicles in Michigan**

Unfortunately, the true rationale the insurance industry uses to justify its continuing assessment rate increases is unknown because they operate in secret. They refuse to fully open the books on assumptions, rate of return and other basic information essential to a true understanding of the facts. They are so determined to keep the information secret they have gone to court to fight disclosing how they are handling money belonging to the ratepayers, that is, you and I. The MCCA is simply over-charging Michigan drivers and we must insist on complete and open transparency in order to understand what action (if ANY) really needs to be done.

CORVEL

Explanation of Review

Insured: [REDACTED]
Patient: Erica Nader-Coulston
[REDACTED]

Business Unit: Harleysville Insurance Co. Auto
PO Box 244
Harleysville, PA 19438

Patient DOB:
Gender:

Independent Emergency Phys PC
Denise A Shuttie M.D.
PO Box 672363
Detroit, MI 48267-2363



LOB: Auto
Site/Bill #: 164/1280060 - 1
Reprice: MI, 48374

Approved Date: 03/26/2013
DOS From - To: 07/21/2012 - 07/21/2012

COPY

Network: Cofinity	Treating Provider: DENISE SHUTTIE	Claim #: W0266783-004
Network Branch: Cofinity - Auto	Referring Physician:	Processor Initials: SLB
Sub Network:	Patient Control #: IEP02592429101	DOL: 10/07/2001
Contract:	Provider Tax Id: 38-3345124	RX Number:
Claim Rep.: VF		
Vendor #:		
PIN:		

Coverage Type: MEDPAY *≤ fee schedule*

Bill Comments

Professional Review Completed by TB, CPC

Date	Code	Units	POS	Bill Charges TOS	DXR	Reduction	Allowed Fees
07/21/2012	99285 02P, 350	EMERGENCY DEPT VISIT 1	23	0 \$735.00	1,2	\$443.10	\$291.90
Sub-Totals for Bill: 1280060				\$735.00		\$443.10	\$291.90
Totals for Bill: 1280060							\$291.90

Line Item Reason Codes and Descriptions

02P Allowance/Review determined by Professional Review 350 Network Allowance

This bill has been evaluated against the prevailing billing practices for medical providers within your geographic area. The reimbursement rate may therefore be different than the amount billed.

ICD9 Diagnosis

590.80 Unspecified Pyelonephritis
780.60 FEVER UNSPECIFIED

Questions regarding this bill may be sent to:

Harleysville Insurance
PO Box 244
Harleysville, PA 19438

Toll free: (800) 491-8350
Phone: (856) 532-6000
Fax: (856) 661-9800